U.S. Department of Energy

Mesaba Energy Project

Public Scoping Meeting

Hoyt Lakes Arena
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Hoyt Lakes, MN

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TRANSCRIPT OF PROCEEDINGS

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I N D E X

P R O C E E D I N G S

MR. RICHARD HARGIS: Okay. Well, I'm going to go ahead and get started. I see still some people talking at the posters, but we are going to get started. Welcome to the U.S. Department of Energy public scoping meeting for the Mesaba Energy Project. Let the record show that the meeting began on October 26th at seven p.m. My name is Rich Hargis. I work for the National Energy Technology Laboratory of the U.S. Department of Energy. I'll be responsible for managing the preparation of the Environmental Impact Statement for the Mesaba Energy Project.

First, I would like to make some introductions. We have a couple of local elected officials. Richard Bradford from the City of Hoyt Lakes, sitting back there. (Waving.)

Mike Troumbly from the Taconite City Council. Mike. (Waving.)

We also have Allan Bier from the USDA Forest Service. Allan is in the back there.

And we also have Bill Storm from the State of Minnesota Department of Commerce, and Bill will be responsible for preparing the state Environmental Impact Statement for this project.

The U.S. Department of Energy personnel

involved in this project and attending this meeting include Ken Markel, who is the director of the Office of Major Demonstration Projects at the National Energy Technology Laboratory.

Bill Mundorf is the DOE contracting officer for the project.

George Pukanic is the project engineer on the project.

Jason Lewis, the DOE project manager for the project, unfortunately was unable to be here due to a death in his family, but he hopes to see all of you at future public meetings.

We also have representatives from Potomac-Hudson Engineering here tonight. Joe Grieshaber leads the team of experts from Potomac-Hudson that will help DOE prepare the Environmental Impact Statement.

Also in the audience are representatives of the industrial participants in the project, Excelsior Energy, and they will be introduced later during a presentation on the project by Bob Evans.

Here is tonight's agenda. There will be a few brief presentations before we get to the heart of the meeting, which is your comments. I'll start with a brief discussion of the meeting purpose. Ken Markel

will then describe the Clean Coal Power Initiative and how this initiative addresses the nation's energy needs.

Then Bob Evans of Excelsior Energy will give an overview of the Mesaba Energy Project.

After that, I'll present a few slides on the Environmental Impact Statement process, the Federal process, and the governing law, the National Environmental Policy Act or NEPA, and then we will turn the microphone over to those who have requested to speak.

Okay. The meeting purpose. Why are we having this public meeting? We are looking for comments from the public on the environmental impacts of the proposed project, the alternatives that should be considered, the significant issues that need to be addressed by the U.S. Department of Energy, and the environmental studies that need to be performed. Your comments will help to establish the scope of the analysis that DOE will perform. Your comments are very important in ensuring that DOE has considered all the environmental issues and that the proper emphasis is given to the most critical issues before making a final decision on the project.

Now, please recognize that we are in the early

stages of the environmental analysis, and that we will not be in a position to answer specific questions about impacts until the analysis has progressed further.

Ken Markel is now going to give us a discussion of the Clean Coal Power Initiative.

MR. KEN MARKEL: Before we start talking about the project specifically, I thought it would be a good idea to give you where this fits in the overall context of the Department of Energy's Fossil Energy Research, Development and Demonstration Program.

The Clean Coal Power Initiative is a direct result of legislation that was passed providing funding to do demonstration projects for the purpose of showing technologies that produce electricity using coal. The legislation laid out that that should be done on a competitive solicitation process, and that the technology, the environmental impacts, the management team finances and a bunch of other criteria be evaluated.

This particular project was selected in the second round of the CCPI solicitations, and there were 13 proposals that were put in to be considered. Four were selected. Two of them are gasification technologies; this being one.

The process to evaluate these proposals is a

very long, arduous and detailed one. We bring in experts from all over the country within and without the Department to consider all aspects of the proposed projects. In fact, that this was selected is an indication of the quality of the project as it was proposed.

The demonstration program itself, I think it is important to understand the purpose of it. As supported by the legislation and the documentation behind the legislation, Congress wants to accelerate the use of advanced technologies in the production of electricity from coal. We do a lot of research and development, but getting into the large-scale power plant setting, which is where you really demonstrate this technology, is a very big step for any one company or utility to take, so Congress said, "We will put in some money into the pot to help that happen," because these technologies are the ones that are going to provide power to the country that is cheaper, that is more environmentally friendly, and is more efficient. The leap from the bench scale to pilot scale to the large scale is a big one, and Congress said, "We need to help."

As a consequence, this technology, as well as others, will bring power to this country in a much

cleaner and more efficient way. Specifically, gasification offers the opportunity to make power today, and that technology can provide opportunities in the future which could expand its use into the production of hydrogen, production of liquid fuels, or other options that currently are not on the table.

I hope that gives you some sense of why we have a Clean Coal Power Initiative and why we have demonstration projects. Things I would like you to leave with is that it is a legislatively-mandated program, that it is being done at the demonstration utility scale for commercial application, and the purpose is to expedite the process of getting these advanced technologies into the marketplace so production of power is done cheaper, cleaner and more efficiently.

Any questions?

(No response.)

Thank you very much for your time.

MR. RICHARD HARGIS: Okay. Thanks, Ken. The next presentation will be by Bob Evans from Excelsior.

MR. BOB EVANS: Good evening. Before getting into Excelsior's presentation, I would like to introduce representatives of the Mesaba Energy Project that are in the audience tonight. I would like those

people to stand and remain standing until I get done having introduced everyone. We have Tom Micheletti, Excelsior's president and co-CEO.

Mike Wadley, Excelsior's vice-president of operations.

Pat Micheletti, Excelsior's Director of Public Affairs.

Gordon Sims, Director of Project Engineering from Fluor Corporation. Fluor Corporation is a design engineering company.

Tom Lynch, Chief Gasification Engineer for ConocoPhillips Corporation. They are our technology provider.

We have Chuck Michael, Senior Principal from Short-Elliott-Hendrickson. They are our environmental consultant.

Matt Seltzer, an attorney from Leonard, Street & Deinard.

My name is Bob Evans. I'm Excelsior's Vice-President of Environmental Affairs. You can sit down.

Don't hesitate to ask any one of us if you have a question regarding anything you see on the boards or you hear in the presentation tonight. If we can't answer one of those questions, we will make sure

that we follow up with you after the meetings.

To avoid confusion during this presentation, I'll try to consistently refer to the Mesaba Energy Project as "the Project," and the electric-generating station that forms the central element of the project as the "IGCC power station."

The remainder of Excelsior's presentation will be devoted to providing an overview of the project, the criteria the company used to select the West and East Range sites, our ongoing investigations, the permits we must obtain prior to commencing construction, our current development schedule, and efforts the company will make to keep interested parties informed of project-related news.

The project will be developed in two identical phases. The commercial in-service date Excelsior is targeting for the first phase is the second quarter of 2011.

Phase I developments would include all equipment and infrastructure required to construct and operate an electric power station based on Integrated Gasification Combined Cycle Technology, commonly referred to as IGCC. A descriptive schematic of the process, of the IGCC technology, is illustrated on one of the boards back there; it is entitled, "A Look

Inside The Process." So anyone that is interested can talk to any one of us, and we will try and take you through that if you have a question.

A. The IGCC power station constructed as part of Phase I would be capable of delivering 600 megawatts of electricity to the substation's -- or to the station's switchyard. From there, high voltage transmission lines would carry electricity to an electric substation that would connect the project to the regional electric grid.

The IGCC power station would use coal and petroleum coke as its primary fuel. The project's preferred blend of these two fuels is 75 percent by weight sub-bituminous coal from the Powder River Basin and 25 percent by weight petroleum coke. The station would be capable of using 100 percent sub-bituminous coal from western mines or 100 percent bituminous coal from Illinois; thereby, providing Minnesota consumers with a fuel-flexible electric generating station. It is a feature that we think is going to offer significant economic and energy security benefits. The IGCC power station would use natural gas for start-up and as its backup fuel.

Compared to conventional coal-fueled electric generating stations currently operating throughout

Minnesota and the nation, IGCC technology provides a superior environmental platform on which to generate electricity from coal.

As required under the State's Power Plant Siting Rules, Excelsior must propose at least two sites upon which a generating station could be developed and identify which of the sites it considers to be preferred. Excelsior has selected the West Range site as its preferred site. The site is located north/northeast of the city of Taconite, Minnesota. The company's alternative site is located due north of Hoyt Lakes.

The land identified for development at each site is currently undeveloped and unoccupied. Both sites are located in close proximity to major rail and highway interconnections, existing high voltage transmission line corridors, adequate sources of water, local sources of potable water, and domestic wastewater treatment facilities. Major electric substations and backup fuel supply for each site are within relatively close proximity of both sites; the East Range site being further away from a major substation than the west; and the backup fuel supply for the West Range site being further away than that for the east. Excelsior would acquire necessary easements to access

the facilities that I just have talked about.

Excelsior has obtained an option to purchase the West Range site and has determined that the site will accommodate the Project's phase one and Phase II developments. The option that we have acquired is 1260 acres at that site. We are currently negotiating to obtain an option to purchase land at the East Range site.

The Phase II IGCC power station at each location would closely resemble the IGCC power station constructed as part of phase one.

Excelsior is preparing an environmental report to identify the environmental impacts associated with constructing the Phase I and Phase II developments at each site. The report will also address the potential to mitigate adverse impacts that are identified.

Construction at either site is scheduled to begin in the third quarter of 2007, and be completed in the fourth quarter of 2010. The Phase I IGCC power station will commence start-up testing in the fourth quarter of 2010, and conclude in the second quarter of 2011. Following such testing, the IGCC power station would commence commercial operations.

Approximately a thousand construction workers would be required on site at the peak of construction

activity. Transportation to the site would require the use of personal vehicles or other means of transportation.

Of the large tract of land required to develop the total project, the Phase I IGCC power station requires approximately 85 acres for the plant proper, with an additional 85 acres of land required for equipment laydown and for other necessary construction activities.

Approximately 75 acres would be required for the West Range rail spur and its right-of-way and approximately 65 acres for access roads to the site from nearby highways. In both instances, rail and highway, the needs for the East Range site are expected to be somewhat less.

Operation of the Phase I IGCC power station would create about 100 to 120 permanent full-time jobs.

Peak operation of the Phase I power station would consume approximately 8,230 tons of coal per day. This quantity of coal would require between four to five round-trip unit train trips per day, and a round-trip unit train trip is one loaded to the site and one leaving the site that has empty cars. Each unit train would consist of about 115 railcars, and each car would carry a total of about 120 tons.

Approximately 6,500 gallons of water per minute would be required during peak operation of the IGCC power station on a hot summer day. Approximately 4,500 gallons of water would be required on an average over a one year period.

Depending upon the fuel being used, the station would produce between 500 and 800 tons per day of slag. It is a black, nonhazardous, glass-like material that has broad industrial uses. Also, depending upon the fuel being used, the station would produce between 30 and 160 tons per day of elemental sulfur that would be sold and transported off site.

The station at either site would avoid discharges of process waters used to clean the synthesis gas from the gasifier prior to combustion. To accomplish this, the station will produce material for disposal, and that disposal would occur at approved off-site landfills. Such materials would include salt produced by the zero-liquid-discharge system. For the West Range site, the amount of salt produced per year is expected to total approximately 2,200 tons. We expect that the amount of salt produced at the East Range site would be more than that.

Approximately 75 tons per year of activated carbon would require disposal at an off-site landfill.

This total would include spent activated carbon required to achieve a minimum 90 percent reduction from the potential concentration of mercury present in the delivered fuel. Air emissions of mercury from the Phase I IGCC power station would vary between 19 and 39 pounds per year, depending on the fuel consumed, and that assumes a 90 percent reduction and the station operating at a 92 percent capacity factor.

An important benefit of the project at the West Range site is that it would provide a means of flood control for the Canisteo and Hill-Annex Mine pits. Water levels in each of these pits have continued to rise after cessation of mining activities. In the case of the Hill-Annex Mine Pit complex, water has been pumped out of the pit since the mid-1980s to avoid flooding state park facilities. In the case of the Canisteo Pit, water levels are now at a level where they are beginning to pose a flooding threat to local communities. Therefore, water appropriated for use at the West Range site for cooling would double as a means to eliminate the threat of flooding.

Cooling water discharges from the West Range site would be directed to Holman Lake. Any discharge from the East Range site would be expected to be handled by the Hoyt Lakes wastewater treatment system.

Construction of the Phase II IGCC power station would overlap activities associated with construction of the Phase I IGCC power station. In general, the resource requirements would double. The exceptions would be the permanent labor force required to operate the expanded plant and the infrastructure required for access to the site. Approximately 160 to 180 permanent full-time positions would be required to staff both the Phase I and Phase II stations.

Excelsior believes there is sufficient water available at both sites to accommodate the Phase I and Phase II developments. The commercial in-service date for the Phase II development is expected to be 2013.

Excelsior has worked over the past four years to identify sites which could support operation of the Phase I and Phase II developments.

The criteria Excelsior has used to identify its sites are listed here. In general, they are address both the practical and economic requirements of developing a large industrial power station. Additionally, the criteria consider the important questions of local and regional public support.

Excelsior is conducting ongoing studies to evaluate the station design for each site in order to optimize the balance between environmental and economic

requirements for an IGCC power station.

Listed on this slide are the permits required prior to commencing construction of the project. They include a site permit and high voltage transmission line and natural gas pipeline route permits from the Minnesota Public Utilities Commission. Additionally, the commission will approve an Environmental Impact Statement prepared as part of the State's Power Plant Siting Process.

Permits to be issued by other state agencies following EIS approval include an air permit, wastewater discharge permit, a water appropriation permit, and a wetlands permit; the wetlands permit being required to offset any filling of applicable wetlands that attend project developments.

Each of the permits listed on this slide will require a public hearing at which interested parties can provide input.

Next slide. Excelsior anticipates submitting the joint permit application in December of this year. We also anticipate submitting the air permit application in December, and the submission of other agency permits in January of 2006.

Next slide. Excelsior representatives will remain here, as I started to say at the beginning, as

long as reasonably possible to answer any of your questions. And, again, if we can't answer your question, we will follow up with you after these meetings.

Thank you for your attention and your interest in the project.

MR. RICHARD HARGIS: Okay. Thanks, Bob.

Now I would like to provide some background to the Federal environmental review process, but before I do, I wanted to let you know that Marlene Pospeck, the mayor of Hoyt Lakes, is here, and Mike Forsman from St. Louis County.

The driving force for this Federal environmental review process is the National Environmental Policy Act or NEPA. This Federal law applies to all actions by Federal agencies, and it is a national charter for the protection of the environment.

The mandate is to make environmental information available before final decisions are made on any Federal action that could significantly affect the quality of the human environment.

This slide shows the NEPA objectives, and the emphasis is on making well-informed and appropriate decisions that take proper consideration of environmental impacts. The focus is on truly

significant issues, and that is what we are asking you to help us with tonight, identifying those issues that are truly significant so that the Federal Government can make the best decision possible.

The Council on Environmental Quality has issued regulations for implementation of NEPA that include the required contents of an EIS, and these are listed on this slide. Most of these are pretty straightforward, but the two main areas where we need comments from you are highlighted here in blue, and these are in the examination of reasonable alternatives and the environmental consequences of the proposed action.

In this case, the proposed action is to provide cost-shared funding for project activities beyond preliminary design and project definition. The DOE may also provide a loan guarantee pursuant to the Energy Policy Act of 2005 to guarantee a portion of the private sector financing for the project.

This is a list of topics that are typically addressed in an EIS. A Notice of Intent To Prepare an Environmental Impact Statement that was published in the Federal Register on October 5th contains a similar list of environmental issues to be addressed for the Mesaba Energy Project, and I'll briefly discuss some of

these issues.

In addition to the impacts from criteria pollutants, air quality issues include emissions of mercury and other air toxics, as well as visibility impacts. It is our understanding that air toxic emissions will be addressed in a risk analysis to be prepared by the Minnesota Pollution Control Agency, and the results of that risk analysis will be incorporated in the EIS.

With regard to visibility, the U.S. Forest Service will be a cooperating agency in the development of the EIS to address impacts to the Superior National Forest. Impacts on surface and groundwater resources will be addressed, including water usage, wastewater and stormwater management. Water quality issues would be primarily associated with cooling tower blowdown, including mercury levels and thermal effects.

There will be issues associated with infrastructure and land use since both sites being considered are greenfield sites. And development of infrastructure at either site would include railroad spurs, plant road construction, water and gas pipelines, and upgrades to high voltage transmission lines, and all of these will be addressed in the EIS as well.

With regard to wetlands, there are approximately 300 acres of wetlands at either site. Wetland impact avoidance, minimization and mitigation will be addressed in accordance with Section 404 of the Clean Water Act and the Minnesota Wetland Conservation Act. The U.S. Army Corps of Engineers will participate as a cooperating agency in evaluating wetland impacts in the EIS.

Ecological resources will be evaluated for potential on-site and off-site impacts to vegetation, wildlife, protected species and ecologically sensitive habitats.

Potential effects on cultural resources will be addressed in consultation with the State Historic Preservation Office and Native American tribes.

Analysis of community and socioeconomic impacts would include effects on local traffic patterns and demands on public services and the infrastructure due to the influx of construction and operating personnel.

This flow chart shows the steps involved in the preparation of a Federal EIS. The process that will be followed for this project will be slightly different than the one shown here since we plan to prepare a joint Environmental Impact Statement with the

State of Minnesota Department of Commerce, and this will provide additional opportunities for public involvement. Let me first describe the typical Federal EIS process.

The public scoping period for this project begins with the Notice of Intent published in the Federal Register. For this project, the NOI was published on October 5th.

After the close of this public comment period, preparation of the draft EIS will begin, and there is then another opportunity for public comment at a public hearing after the draft EIS is published. Comments on the draft EIS are then incorporated into a final EIS also released for public review. And then, finally, a Record of Decision is issued on the proposed action based on the results of the final EIS.

This is a flow chart of the State EIS process. In accordance with the Minnesota Power Plant Siting Act, the State is required to prepare an Environmental Impact Statement which is substantially similar to the Federal Environmental Impact Statement. Therefore, it is DOE's intent to prepare, in cooperation with the Minnesota Department of Commerce, an EIS that will fulfill both the Federal and State requirements. Therefore, there will be a joint State and Federal

scoping period probably sometime in February, and the draft EIS will then be issued as a joint document, and there will be joint public meetings on the draft EIS. From that point on the two processes will run in parallel, with the final EIS also being issued as a joint Federal/State document. The DOE Record of Decision would then be issued in the same time frame as the Public Utilities Commission decision shown near the end of the State process on this slide.

Now, you may ask why you should comment now when there will be joint scoping meetings later. The purpose of these Federal scoping meetings is to allow public comment as early in the process as possible. Also, the early scoping period allows us to begin working on the draft EIS so we can complete the draft EIS on the same schedule as required by the State process.

Okay. Now we are going to turn the microphone over to you for your comments. I have a few registered speakers here. I request that speakers please limit your comments to five minutes so that everyone who wants to speak has an opportunity. If you need additional time, we will make time available after all those who want to speak have had a chance. When I call your name, either step up to the microphone or Joe

Grieshaber will bring a portable mike to you. And please note that a written transcript is being made, so speak loudly and clearly, and the court reporter will appreciate it.

I want to mention that a copy of the transcript will be made available on the Minnesota Department of Commerce website, as well as copies of the presentation slides shown here tonight.

The first registered speaker we have tonight is Carol Overland from the Overland Law Office.

MS. CAROL OVERLAND: Yeah, I'm Carol Overland. I'm not representing any client at this point. I am involved in this because I've been speaking against this for the last five years in legislature, every public meeting possible, because this is not needed. I appreciate your -- I appreciate your mentioning that the copies will be available on the DOC website. That is helpful because there is a lot of information coming out here that we don't have.

I do have a question. Is this eligible or exempt from personal property tax? This is something that should be considered in the socioeconomic part. Can anyone tell me?

MR. MIKE TROUMBLY: I can answer one part of that. I checked. They are independent power

producers. They will be taxed on just the building, nothing else.

MS. CAROL OVERLAND: You're saying that there will be some personal property tax exemption or are you saying that the site is --

MR. MIKE TROUMBLY: They will be assessed by the county, and just the building will be taxed is what I was told by the State.

MS. CAROL OVERLAND: Is it a Job Z zone?

MR. MIKE TROUMBLY: Is it what?

MS. CAROL OVERLAND: Job Z.

MR. MIKE TROUMBLY: No, not to start with.

MS. CAROL OVERLAND: See, I'm not clear from your answer if it is personal property tax -- utility personal property tax as opposed to a typical property tax.

MR. MIKE TROUMBLY: Just the building will be taxed.

MS. CAROL OVERLAND: So the rest of the equipment will not be?

MR. MIKE TROUMBLY: Will not be taxed.

MR. RICHARD HARGIS: Could you just, you know, address the comments that you would like us to address.

MS. CAROL OVERLAND: Right. I would like that checked out, the various types of tax schemes that are

applicable to this, and then whether or not this will be exempt or not as personal property tax, because utilities -- that's a benefit to the community. And I think I'll just leave it at that for now because there has been so many other issues that I've brought up before, but I wanted to get that personal property tax on the record. Thank you.

MR. RICHARD HARGIS: Thank you. We will make sure that we have the answer to that question addressed in the socioeconomic impact section of the EIS.

The next speaker is Clarence Kontio. Is that right? Clarence Kontio?

(No response.)

I guess we will move on. We have Mike Fabish from Iron Range Building and Trades.

MR. MIKE FABISH: I'm here tonight -- actually, my name is Mike Fabish. I work for the Operating Engineers Local 49, but I'm also here tonight representing the Iron Range Building and Trades. We feel that this is a good project. We want to see it go forward either if it is at Taconite or here in Hoyt Lakes. But for us, it means a lot of work for our membership, and they are all people that live in all of our communities, so, like I say, we are here in support of this project. Thank you.

MR. RICHARD HARGIS: I want to mention that Tom Rukavina is here, State Representative, in the back. I just wanted to mention your attendance here.

We have no other registered speakers, so if anybody wants to --

MR. TOM RUKAVINA: I would like to talk.

MR. RICHARD HARGIS: Great.

MR. TOM RUKAVINA: Well, I'm Tom Rukavina. I'm the State Representative for this area and, you know, I was in this room about four years ago, I guess, or perhaps five already, when the Pension Benefit Guaranty Board came here, and it was packed full of people, full of people that were worried about what was going to happen to the east end of the Range and worried about their livelihoods. And since then, we have done -- approached a number of different projects for this area; this is one of them. This end of the Iron Range was devastated. It needs jobs. I can tell you, you folks of the Federal Government, that we want this done right. We realize the new coal initiative for clean coal is what the Federal Government wants, and we believe that this project does that. And I can honestly tell you that I don't think I have heard from 20 people in my district that oppose this project.

Regarding the question by the lady before me,

I think in the 2001 tax bill that personal property taxes on public utilities were cut all over the state, so I don't know if that's an issue. And I don't even know if they are paying personal property -- I think they are probably paying regular real estate taxes now. And every school district and county and city in the state took a hit on public utilities tax payments because of that law change.

We have a belief the United States -- and that was part of the Federal Energy Bill -- has, I believe, the largest supply of coal in the world. And we see what is happening with skyrocketing petroleum and natural gas prices. We have to figure out a way to use -- use our natural resources, especially the coal natural resource, and we have to move on. I believe everyone in this room tonight probably flicks the light switch and expects their lights to come on and their freezer to run, et cetera, and there is a demand in this state and this country for -- for electricity, an increased demand. We know that in Minnesota we are expecting, I believe -- well, there are different estimates by the Department of Commerce, but I think it is 3,000 to 5,000 megawatts in this state over the next decade or a little better, and so we need this -- we need a plant in Minnesota. We would like this plant

here. We want it done environmentally sound. Certainly that's the proposal from this project with this technology. So that's all of my comments, but I did want to address that tax issue because I believe that law change made it so that no public -- and, by the way, I didn't support that, but -- and, Micheletti, I'd love to tax you on your personal property tax, too, but that's not the current law, so --

MR. RICHARD HARGIS: Thank you, Mr. Rukavina. I appreciate your comments.

If you want to come up and make your comments, please give your name to the court reporter and spell it, spell your last name for him.

MS. MARLENE POSPECK: My name is Marlene Pospeck, P-o-s-p-e-c-k, and I'm Mayor of Hoyt Lakes. And as many people in this room know, I've been a strong supporter of this project for -- ever since Mr. Micheletti proposed it for this area. I supported it mainly because of the jobs that it would create for our area, but as I learned a little bit more about the project itself, I support it because it means a significantly improved environment from the traditional methods of producing electricity. This project as proposed by Mr. Micheletti reduces mercury, it reduces NO×, and it reduces SO×, and so I think -- I think it

really tends to improve the environment in an era when we need new energy sources. I think we need to support the project. And I guess I have to say that I really want it here in Hoyt Lakes, but if things can't be worked out for it to be located here in Hoyt Lakes, the jobs for the Iron Range will be welcome no matter where it is located, and the clean -- relatively clean energy that is created also is needed. So I very strongly support this project and really hope that it is able to go forward. Thank you.

MR. RICHARD HARGIS: Thank you, Mayor Pospeck. Do we have any other comments?

MR. MIKE FORSMAN: My name is Mike Forsman, F-o-r-s-m-a-n. Being a politician, I can't resist a chance to speak when there is people around there, although it is not an election year. I guess what I want to say is I've been watching this project from its inception, from the first thoughts of trying to get electricity from coal in a clean environmental way. I think that most of us realize that our electricity that is generated now from coal-fired power plants that aren't doing the syngas, aren't doing in my opinion what is going to be an environmentally correct way of doing this are some of those same coal-fired power plants that are in different states and different parts

of the nation and even different parts of the world that are putting the mercury in our air -- I mean, into our lakes, knowing that -- at one meeting that 90 percent of our mercury in our lakes is coming from outside the region.

To me this is very exciting just the thought of the possibility of clean energy coming from coal, of which the United States is very blessed with a lot of coal. But I guess more than anything, I appreciate the fact that the Department of Energy is here, and they are going to go through a process, a process that is going to be looking at all of these -- look at getting public input, getting the information, and hopefully at the end of everything says that the final result is that this is the correct thing to do and that we should do it. I absolutely would love to see this on the Range. I would love to see it on this end of the Range, but, at the same time, I feel like Mayor Pospeck, that on the Range in northern Minnesota, it gives us the opportunity for us to go out and have our kids -- keep our kids, keep our grandkids, and probably the great grandkids that we won't even know, that will be on the Range. And how important do I think this is? I know you can take it both ways, but it is my 37th wedding anniversary, and my wife said that I should go

to this thing there. I don't know if that's a good thing or a bad thing, but she did say that I should go here. And it is that important to our kids, and I do have four of them and two grandkids. So with that, thank you very much.

MR. RICHARD HARGIS: Thank you, Mr. Forsman. Anybody else like to provide their comments or input?

MS. ROSIE LOEFFLER-KEMP: My name is Rosie Loeffler-Kemp, L-o-e-f-f-l-e-r dash K-e-m-p. I just have, I guess, some questions. I am here representing an organization that has a lot of members in this area, Clean Water Action. We are an environmental group. We work a lot with unions. We have been part of the Blue-Green Alliance, and so issues around jobs is something we think about when we think about environmental issues, that we think about the questions that we are asking when there is proposals like what is being put forth. And so I guess I just wanted to comment on a couple things. I really appreciated the short presentation and kind of understanding where the public could comment. I will make sure we get that out to our members up in this area so they know.

One of Clean Water's biggest concerns is around mercury, and it has been mentioned many times by speakers as well as from your presentation, and I

guess, you know, we are very concerned on a number of levels with mercury. And I guess one of our questions just will be what is Excelsior Energy doing to reduce mercury emissions from the existing sources, as well as to offset this new proposal of the new mercury? And then, also, wasn't the original project proposal -- did it include development of wind sources? I thought that was the case. And so I don't know if that can be answered now or if it will be answered further, but I guess it was my understanding that one of the original proposals did look at some other alternative sources as well. And so those are a few of the questions that we will be raising in our written comments. And, again, we really appreciate the two public meetings that have been held now, and we will continue to get the information out so our members can comment. Okay.

MR. RICHARD HARGIS: Thank you very much. Yeah, if anybody in the organization wants to be directly on the distribution list, just send me an e-mail, and we will make sure that all future mailings include them. And we will make sure that we address all aspects of the mercury issues in the draft EIS. And I forget, what was the last one?

MS. ROSIE LOEFFLER-KEMP: About did the original proposal have some --

MR. RICHARD HARGIS: Oh, yeah. As far as I know, that alternative energies is not part of the proposed action in any of the Clean Coal Power Initiative solicitation proposals. I'm not sure if that -- that comment may apply to the state process, and maybe we will deal with that in the February scoping period. Thanks. Anybody else?

MR. WARREN KOSKINIEMI: I'm Warren Koskiniemi, K-o-s-k-i-n-i-e-m-i. I'm a school board member for Mesabi East. I am a recent vicechair for the Aurora Chamber of Commerce, and my wife and I own Ultimate Body Frame in Aurora. And my wife and I are totally for this, and the reasoning is we are all complaining about our kids walking the streets nothing to do, and then when we approach the cities, "Why can't we create something for the kids?" "Because we have no tax base. We have no dollars." My wording, my terminology, for this is Iron Range mentality. We've lived in this environment for 60 plus years; nobody wants change. Why? Regulations that regulate everything we do throughout our day. If you think these people are going to create excess emissions, who are you kidding? Who are you kidding? There is regulations for how big your toilet tank can be. Do you think they are not going to regulate how much emissions these businesses

can put out? Our body shop, I mean, we are a chemical -- probably a waste dump. Do you think they don't regulate us? Of course they do. They regulate every move a business makes. Their tax base has got to be astronomic, because I know my wife's and I is, you know. And the people that are fixed income, we are on a fixed income, we can't afford tax. So if you're on this income, why could you possibly be against something like this when it is going to lessen your tax burden? The days of Iron Range mentality, I'm sorry, we have to -- we have to put this away. It is just -- we have to accept new businesses, new industry. Our days of mining in Hoyt Lakes apparently are getting close to being over. I mean, Polymet and such, but we are never going to see our 3,000 people that we had working in the seventies, so let's accept the 150, 200 jobs that they are going to bring in and stabilize our community with some kind of tax base instead of burying our heads in the sand and saying, "It has been this way for 60 years; we don't want no change." Accept the change. You had 3, 6, 8 and 10 on your TV for 40 years now. Do you have cable? Chances are pretty good. If you don't have cable, you probably have a dish. Let me tell you what, that's a change. So is this. Get your heads out of the sand; accept the change. Talk to

Tommy, talk to Ron, talk to whoever. If you have a problem with emissions, they will be there. They will be there to tell these guys. They'll be there to tell you, yeah, their emissions are excess. We talked to them, it is under control, they implemented. It probably cost them a million dollars extra if their emissions went up and above what they are going to create, it cost them a million dollars to get them back down. But guess what? Big business spends that million dollars. They are there not for a year. They are there for a long time. So let's get our heads out of the sand and accept a change on the Range. Thanks.

MR. RICHARD HARGIS: Thank you very much. Do we have any more -- any more comments?

MR. TOM MICHELETTI: I'm Tom Micheletti with Excelsior Energy, and I'll be very brief. I want to just pay the mayor a very special thank you and all of the residents and citizens of this part of the Iron Range for the tremendous support that they have always given us and our project. I'm very, very grateful, and you're a very gracious person, because I know how badly you wanted the first plant to be here, and -- and I know it was a difficult thing for you and for the residents here to only be selected as the alternative site. But I can tell you this is a very, very good

site, and we have said all along that our game plan for the Iron Range is to have a site -- a site on the western edge, a site on the central Range, and a site on the East Range, and I'm not going to stop until we complete that. And I just want to tell you I'm very, very grateful, Mayor, for all of your support. And I also wanted to thank the legislators that are here, Senator Tomassoni is our leadoff in the Senate, and Representative Rukavina is here, and a commissioner from St. Louis County. We have had tremendous support from the Iron Range delegation, from the Iron Range Resources Agency, and from Senator Coleman and Senator Dayton, and Congressman Oberstar, and it all started right here on the Iron Range. It was an Iron Range idea, and we are going to deliver something really, really big here for not just the Iron Range and not just for Minnesota, but for the country. This is an extremely important project, and we -- we appreciate your help and support, and we are very grateful for the Department of Energy's work over the past 20 or 30 years in sustaining the development of this technology. Without them, we wouldn't be here today. And we are also very grateful to NETL and DOE for the support that they have given our project, and we look forward to working with them. We are going to fully disclose

everything we know about this technology in the environmental impacts, and -- because it is important that you know so that we can then get on and start constructing the project.

Just one quick comment on wind. Originally when we discussed this concept with an Iron Range delegation, in order to solicit and entice some support and also just to drive more wind development in the state, we did propose the concept that would have said -- where we said that we would -- for every two megawatts of IGCC development, we would install one megawatt of wind, and for a variety of reasons that concept was rejected by some people who didn't want us to be involved in the wind business, so we -- we backed away from that, but we are not backing away from IGCC. And God bless wind. We are not opposed to wind. But, in any event, thank you all very much for being here. We appreciate your help and support.

MR. RICHARD HARGIS: Thank you. Anybody else like to say anything?

(No response.)

Okay. If you would prefer to send in written comments, you can see my address up here. You can e-mail me, fax me, call me toll free. All that information is also in the Notice of Intent in the

handouts that are at the entrance to this hall.

With that, let the record show that the meeting ended at 8:00 and that we are adjourned. Thanks for coming, and thanks for your participation.

(Whereupon, proceedings concluded.)

STATE OF MINNESOTA

COUNTY OF ST. LOUIS

REPORTER'S CERTIFICATE

I, Calvin J. Everson, Registered Professional Reporter, hereby certify that the foregoing pages are a true and correct transcript of my stenographic notes taken relative to the afore-mentioned matter on the 26th day of October, 2005, in the City of Hoyt Lakes, County of St. Louis, and State of Minnesota.

Signed this 7th day of November, 2005.

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Calvin J. Everson
Registered Professional Reporter